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**VILLAGE OF ESTHERWOOD, LOUISIANA  
FINANCIAL REPORT  
JUNE 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-24-07

# C O N T E N T S

	Exhibit	Page
INDEPENDENT ACCOUNTANTS' REPORT	-	1 and 2
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
Statement of net assets	A	4
Statement of activities	B	6 and 7
FUND FINANCIAL STATEMENTS		
Balance sheet - governmental funds	C	10
Reconciliation of the governmental funds balance sheet to the statement of net assets	D	11
Statement of revenues, expenditures, and changes in fund balances - governmental funds	E	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	F	13
Statement of net assets - proprietary funds - business-type activities - enterprise funds	G	14 and 15
Statement of revenues, expenses, and changes in fund net assets - proprietary funds - business-type activities - enterprise funds	H	17
Statement of cash flows - proprietary funds - business-type activities - enterprise funds	I	18 and 19
Notes to the financial statements	-	20 - 34
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary comparison schedules:		
General Fund	J-1	36 - 38
Sales Tax Fund	J-2	39
Note to budgetary comparison schedules	J-3	40
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	-	41 - 43
Louisiana Attestation Questionnaire	-	44 and 45
Schedule of current year findings	-	46
Schedule of prior findings	-	47



**BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

4112 West Congress  
P. O. Box 61400  
Lafayette, Louisiana 70596-1400  
phone: (337) 988-4930  
fax: (337) 984-4574  
www.bplb.com

**INDEPENDENT ACCOUNTANTS' REPORT**

**Other Offices:**

Crowley, LA  
(337) 783-5693

Opelousas, LA  
(337) 942-5217

Abbeville, LA  
(337) 898-1497

New Iberia, LA  
(337) 364-4554

Church Point, LA  
(337) 684-2855

To the Honorable Billy Maples, Mayor,  
and the Board of Aldermen  
Village of Estherwood, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Estherwood, Louisiana as of and for the year ended June 30, 2006, which collectively comprise the Village's basic financial statements, as listed in the table of contents. Village of Estherwood, Louisiana's management is responsible for these financial statements.

Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
P. John Blanchet III, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borrello, CPA\*  
George J. Trappey III, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Fayette T. Dupré CPA\*  
Mary A. Castille, CPA\*  
Joey L. Breaux, CPA\*  
Terrel P. Dressel, CPA\*  
Craig J. Viator, CPA\*  
Stacey E. Singleton, CPA\*  
John L. Istre, CPA\*

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards issued by the Comptroller General of the United States of America. A review consists principally of inquiries of the Village of Estherwood, Louisiana's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion.

**Retired:**

Sidney L. Broussard, CPA 1925-2005  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Lawrence A. Cramer, CPA\* 1999  
Ralph Friend, CPA\* 2002  
Donald W. Kelley, CPA\* 2005

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of State law, we have issued a report dated December 15, 2006 on the results of our agreed-upon procedures.

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.

Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

\*A Professional Accounting Corporation

The budgetary comparison schedules on pages 36 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have compiled the budgetary comparison schedules from information that is the representation of management of the Village of Estherwood, Louisiana without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Broussard, Poche, Lewis & Breaux, L.L.P.*

Lafayette, Louisiana  
December 15, 2006

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF NET ASSETS  
June 30, 2006  
See Accountants' Review Report

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 6,890	\$ 15,349	\$ 22,239
Accounts receivable, net	-	13,294	13,294
Unbilled services receivable	-	6,461	6,461
Franchise fee receivable	9,060	-	9,060
Due from other governmental agencies	8,743	-	8,743
Internal balances	249,674	(249,674)	-
Restricted assets:			
Cash	-	13,539	13,539
Certificates of deposit	-	10,075	10,075
Capital assets:			
Non-depreciable	10,479	37,480	47,959
Depreciable, net	<u>194,238</u>	<u>1,067,084</u>	<u>1,261,322</u>
Total assets	<u>\$ 479,084</u>	<u>\$ 913,608</u>	<u>\$ 1,392,692</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 5,286	\$ 5,692	\$ 10,978
Accrued liabilities	21	295	316
Customer deposits	<u>-</u>	<u>24,069</u>	<u>24,069</u>
Total liabilities	<u>\$ 5,307</u>	<u>\$ 30,056</u>	<u>\$ 35,363</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 204,717	\$ 1,104,564	\$ 1,309,281
Unrestricted	<u>269,060</u>	<u>(221,012)</u>	<u>48,048</u>
Total net assets	<u>\$ 473,777</u>	<u>\$ 883,552</u>	<u>\$ 1,357,329</u>
Total liabilities and net assets	<u>\$ 479,084</u>	<u>\$ 913,608</u>	<u>\$ 1,392,692</u>

See Notes to Financial Statements.

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VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2006  
See Accountants' Review Report

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 42,525	\$ -	\$ 1,117
Public safety	14,629	23,274	-
Public works	51,606	3,357	-
Culture and recreation	43	-	-
Health and wealth	390	-	-
Total governmental activities	<u>\$ 109,193</u>	<u>\$ 26,631</u>	<u>\$ 1,117</u>
Business-type activities:			
Water	\$ 76,538	\$ 68,282	\$ -
Gas	110,764	92,157	-
Sewer	116,125	49,744	34,726
Total business-type activities	<u>\$ 303,427</u>	<u>\$ 210,183</u>	<u>\$ 34,726</u>
Total	<u>\$ 412,620</u>	<u>\$ 236,814</u>	<u>\$ 35,843</u>

General revenues:

Taxes -  
    Property  
    Sales and use  
    Franchise  
    Other  
    Licenses and permits  
Grants and contributions not  
    restricted to specific  
    programs  
Investment income  
Miscellaneous  
    Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.



Net (Expense) Revenue and Change in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (41,408)	\$ -	\$ (41,408)
8,645	-	8,645
(48,249)	-	(48,249)
(43)	-	(43)
<u>(390)</u>	<u>-</u>	<u>(390)</u>
\$ <u>(81,445)</u>	\$ <u>-0-</u>	\$ <u>(81,445)</u>
\$ -	\$ (8,256)	\$ (8,256)
-	(18,607)	(18,607)
<u>-</u>	<u>(31,655)</u>	<u>(31,655)</u>
\$ <u>-0-</u>	\$ <u>(58,518)</u>	\$ <u>(58,518)</u>
\$ <u>(81,445)</u>	\$ <u>(58,518)</u>	\$ <u>(139,963)</u>
\$ 9,874	\$ -	\$ 9,874
31,721	-	31,721
39,013	-	39,013
3,730	-	3,730
18,063	-	18,063
1,495	-	1,495
50	925	975
629	5,026	5,655
\$ <u>104,575</u>	\$ <u>5,951</u>	\$ <u>110,526</u>
\$ 23,130	\$ (52,567)	\$ (29,437)
<u>450,647</u>	<u>936,119</u>	<u>1,386,766</u>
\$ <u>473,777</u>	\$ <u>883,552</u>	\$ <u>1,357,329</u>

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FUND FINANCIAL STATEMENTS

## VILLAGE OF ESTHERWOOD, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006  
See Accountants' Review Report

ASSETS	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Cash	\$ 2,771	\$ 4,107	\$ 12	\$ 6,890
Due from other governmental agencies	2,108	2,363	-	4,471
Franchise fee receivable	9,060	-	-	9,060
Due from other funds	<u>235,639</u>	<u>60,572</u>	<u>-</u>	<u>296,211</u>
Total assets	<u>\$249,578</u>	<u>\$67,042</u>	<u>\$ 12</u>	<u>\$ 316,632</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 4,561	\$ 725	\$ -	\$ 5,286
Accrued expenses	21	-	-	21
Due to other funds	<u>46,537</u>	<u>-</u>	<u>-</u>	<u>46,537</u>
Total liabilities	\$ 51,119	\$ 725	\$ -0-	\$ 51,844
FUND BALANCES				
Unreserved and undesignated	<u>198,459</u>	<u>66,317</u>	<u>12</u>	<u>264,788</u>
Total liabilities and fund balances	<u>\$249,578</u>	<u>\$67,042</u>	<u>\$ 12</u>	<u>\$ 316,632</u>

See Notes to Financial Statements.

## VILLAGE OF ESTHERWOOD, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2006

See Accountants' Review Report

Total fund balances - governmental funds	\$ 264,788
--	------------

Total net assets reported for governmental  
activities in the statement of net assets  
is different because:

Capital assets used in governmental  
activities are not financial resources  
and are therefore not reported in the  
funds.

Capital assets, net	204,717
---------------------	---------

Some revenues were not considered measurable  
at year end and therefore not available  
soon enough to pay for current period  
expenditures.

	<u>4,272</u>
--	--------------

Net assets of governmental activities

	<u>\$ 473,777</u>
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See Notes to Financial Statements.

## VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

June 30, 2006

See Accountants' Review Report

	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 52,617	\$28,006	\$ -	\$ 80,623
Licenses and permits	18,473	-	-	18,473
Intergovernmental	1,495	-	1,117	2,612
Charges for services	2,947	-	-	2,947
Fines	23,274	-	-	23,274
Investment income	50	-	-	50
Miscellaneous	629	-	-	629
Total revenues	<u>\$ 99,485</u>	<u>\$28,006</u>	<u>\$ 1,117</u>	<u>\$ 128,608</u>
Expenditures:				
Current -				
General government	\$ 19,247	\$18,971	\$ 1,105	\$ 39,323
Public safety	13,870	-	-	13,870
Public works	26,975	-	-	26,975
Health and welfare	390	-	-	390
Culture and recreation	43	-	-	43
Total expenditures	<u>\$ 60,525</u>	<u>\$18,971</u>	<u>\$ 1,105</u>	<u>\$ 80,601</u>
Net change in fund balances	\$ 38,960	\$ 9,035	\$ 12	\$ 48,007
Fund balances, beginning	<u>159,499</u>	<u>57,282</u>	<u>-</u>	<u>216,781</u>
Fund balances, ending	<u>\$198,459</u>	<u>\$66,317</u>	<u>\$ 12</u>	<u>\$ 264,788</u>

See Notes to Financial Statements.

## VILLAGE OF ESTHERWOOD, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2006

See Accountants' Review Report

Net change in fund balances - total governmental funds	\$ 48,007
The change in net assets reported for governmental activities in the statement of activities is different because:	
The governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(28,592)
Because some revenues will not be collected for several months after year end, they are not considered "available" revenues in the governmental funds.	<u>3,715</u>
Change in net assets of governmental activities	<u>\$ 23,130</u>

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS  
 June 30, 2006  
 See Accountants' Review Report

ASSETS	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 5,220	\$ 2,507	\$ 7,622	\$ 15,349
Accounts receivable, net	5,669	3,596	4,029	13,294
Unbilled services receivable	2,878	1,513	2,070	6,461
Due from other funds	<u>14,910</u>	<u>17,298</u>	<u>-</u>	<u>32,208</u>
Total current assets	<u>\$ 28,677</u>	<u>\$ 24,914</u>	<u>\$ 13,721</u>	<u>\$ 67,312</u>
<b>RESTRICTED ASSETS</b>				
Cash	\$ 4,763	\$ 4,075	\$ 4,701	\$ 13,539
Certificates of deposit	<u>4,267</u>	<u>2,785</u>	<u>3,023</u>	<u>10,075</u>
Total restricted assets	<u>\$ 9,030</u>	<u>\$ 6,860</u>	<u>\$ 7,724</u>	<u>\$ 23,614</u>
<b>CAPITAL ASSETS</b>				
Non-depreciable	\$ -	\$ -	\$ 37,480	\$ 37,480
Depreciable, net	<u>173,793</u>	<u>6,873</u>	<u>886,418</u>	<u>1,067,084</u>
Total capital assets	<u>\$173,793</u>	<u>\$ 6,873</u>	<u>\$923,898</u>	<u>\$1,104,564</u>
 Total assets	 <u>\$211,500</u>	 <u>\$ 38,647</u>	 <u>\$945,343</u>	 <u>\$1,195,490</u>

See Notes to Financial Statements.



LIABILITIES AND NET ASSETS	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
CURRENT LIABILITIES (payable from current assets)				
Accounts payable	\$ 1,060	\$ 2,845	\$ 1,787	\$ 5,692
Accrued expenses	-	295	-	295
Due to other funds	<u>110,631</u>	<u>86,834</u>	<u>84,417</u>	<u>281,882</u>
Total current liabilities (payable from current assets)	<u>\$111,691</u>	<u>\$ 89,974</u>	<u>\$ 86,204</u>	<u>\$ 287,869</u>
CURRENT LIABILITIES (payable from restricted assets)				
Customers' deposits	<u>\$ 9,255</u>	<u>\$ 6,860</u>	<u>\$ 7,954</u>	<u>\$ 24,069</u>
Total liabilities	<u>\$120,946</u>	<u>\$ 96,834</u>	<u>\$ 94,158</u>	<u>\$ 311,938</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$173,793	\$ 6,873	\$923,898	\$1,104,564
Unrestricted	<u>(83,239)</u>	<u>(65,060)</u>	<u>(72,713)</u>	<u>(221,012)</u>
Total net assets	<u>\$ 90,554</u>	<u>\$ (58,187)</u>	<u>\$851,185</u>	<u>\$ 883,552</u>
Total liabilities and net assets	<u>\$211,500</u>	<u>\$ 38,647</u>	<u>\$945,343</u>	<u>\$1,195,490</u>

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## VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS

## PROPRIETARY FUNDS

## BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

Year Ended June 30, 2006

See Accountants' Review Report

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
Operating revenues:				
Charges for services	\$ 68,282	\$ 92,157	\$ 49,744	\$ 210,183
Miscellaneous	2,330	1,719	977	5,026
Total operating revenues	\$ 70,612	\$ 93,876	\$ 50,721	\$ 215,209
Operating expenses:				
Salaries and payroll taxes	\$ 23,892	\$ 23,061	\$ 23,892	\$ 70,845
Materials and supplies	9,946	3,342	3,936	17,224
Office expenses	1,406	1,242	902	3,550
Depreciation	10,628	1,674	33,056	45,358
Utilities and telephone	6,662	408	9,716	16,786
Fuel purchased	-	65,596	-	65,596
Professional services	2,515	2,850	2,100	7,465
Repairs and maintenance	16,822	2,426	35,861	55,109
Insurance	2,899	3,858	1,169	7,926
Miscellaneous	1,768	6,307	3,310	11,385
Total operating expenses	\$ 76,538	\$110,764	\$113,942	\$ 301,244
Operating loss	\$ (5,926)	\$ (16,888)	\$ (63,221)	\$ (86,035)
Nonoperating revenues (expenses):				
Investment income	\$ 83	\$ 71	\$ 771	\$ 925
Interest expense	-	-	(2,183)	(2,183)
Grant revenue	-	-	34,726	34,726
Total nonoperating revenues (expenses)	\$ 83	\$ 71	\$ 33,314	\$ 33,468
Change in net assets	\$ (5,843)	\$ (16,817)	\$ (29,907)	\$ (52,567)
Net assets, beginning	96,397	(41,370)	881,092	936,119
Net assets, ending	\$ 90,554	\$ (58,187)	\$851,185	\$ 883,552

See Notes to Financial Statements.

## VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS  
 Year Ended June 30, 2006  
 See Accountants' Review Report

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 67,947	\$ 91,602	\$ 49,501	\$ 209,050
Payments to suppliers	(54,527)	(86,298)	(57,430)	(198,255)
Payments to employees	(12,275)	(5,556)	(7,848)	(25,679)
Other receipts	2,330	1,719	977	5,026
Net cash provided by (used in) operating activities	\$ 3,475	\$ 1,467	\$ (14,800)	\$ (9,858)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase in customers' deposits, net	\$ 605	\$ 900	\$ 570	\$ 2,075
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	\$ 83	\$ 71	\$ 771	\$ 925
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	\$ -	\$ -	\$ (16,224)	\$ (16,224)
Principal paid on revenue bonds	-	-	(63,390)	(63,390)
Grant revenue	-	-	34,726	34,726
Interest paid on revenue bonds	-	-	(5,334)	(5,334)
Net cash used by capital and related financing activities	\$ -0-	\$ -0-	\$ (50,222)	\$ (50,222)
Net increase (decrease) in cash	\$ 4,163	\$ 2,438	\$ (63,681)	\$ (57,080)
Cash, beginning	5,820	4,144	76,004	85,968
Cash, ending	\$ 9,983	\$ 6,582	\$ 12,323	\$ 28,888

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS  
Year Ended June 30, 2006  
See Accountants' Review Report

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating loss	\$ (5,926)	\$ (16,888)	\$ (63,221)	\$ (86,035)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities -				
Depreciation	10,628	1,674	33,056	45,358
(Increase) decrease in assets:				
Accounts receivable	(336)	(553)	(242)	(1,131)
Due from other funds	(61)	1,342	-	1,281
Increase (decrease) in liabilities:				
Accounts payable	(12,509)	(564)	(437)	(13,510)
Due to other funds	11,679	16,161	16,044	43,884
Other liabilities	-	295	-	295
Net cash provided by (used in) operating activities	<u>\$ 3,475</u>	<u>\$ 1,467</u>	<u>\$ (14,800)</u>	<u>\$ (9,858)</u>
CASH REPORTED ON STATEMENT OF NET ASSETS AS:				
Current	\$ 5,220	\$ 2,507	\$ 7,622	\$ 15,349
Restricted	<u>4,763</u>	<u>4,075</u>	<u>4,701</u>	<u>13,539</u>
	<u>\$ 9,983</u>	<u>\$ 6,582</u>	<u>\$ 12,323</u>	<u>\$ 28,888</u>

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Estherwood, Louisiana, (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Village are described below.

Financial reporting entity:

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government -

The Village was incorporated in 1901, under the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety (police), highways and streets, recreation, and general administrative services. The Village also operates three enterprise activities, which provide water, gas, and sewer services.

Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a State or local government, and the right to buy, sell, lease, and mortgage property in its own name.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit, or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the above criteria, the Village does not have any component units.

Basis of presentation:

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The minimum number of funds maintained by the Village is consistent with legal and managerial requirements.

A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

The basic financial statements include both government-wide (reporting on the government of the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, public works, culture and recreation, and general administrative services are classified as governmental activities. The Village's water, gas, and sewer operations are classified as business-type activities.

Government-wide financial statements -

The government-wide financial statements include a statement of net assets and statement of activities. These statements report financial information about the Village as a whole. In the process of aggregating data for the statement of net assets and the statement of activities some amounts reported as interfund activity and balances in the fund financial

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities and the business-type activities columns of the government-wide financial statements.

In the statement of net assets, the governmental activities column (1) is presented on a consolidated basis by column, and (2) is reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A "function" is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses associated with a distinct functional activity. Program revenues includes: (1) charges for services which report fees, fines, and forfeits, and other charges to users of the Village's services, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included as a direct expense of each function. Interest on long-term debt is also specifically identified by activity and is reported as such in the statement of activities. The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Village's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.



NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

General Fund - used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund - used to account for the collection and disbursement of the Village's 1% sales and use tax levied. These taxes are dedicated as described in Note 8.

The Village reports the following major proprietary funds:

Water Utility Fund - used to account for the provision of water services to the residents of the Village.

Gas Utility Fund - used to account for the provision of natural gas services to the residents of the Village.

Sewer Utility Fund - used to account for the provision of sewer services to the residents of the Village.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds are summarized into a single column. GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

Proprietary funds are reported in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." This Statement requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Village have elected not to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by the GASB.

Basis of accounting - measurement focus:

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide and proprietary fund financial statements -

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Governmental fund financial statements -

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spending resources." Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

income, gross receipts, and sales and use taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditure-driven grant revenues are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued because they do not vest or accumulate, and (2) principal and interest on general long-term debt which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**Budgets and budgetary accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget is employed as a management control device during the year that assists its users in financial activity analysis. All budget appropriations lapse at year-end.

**Cash and cash equivalents:**

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Village has no cash equivalents at June 30, 2006.

**Investments:**

Under State law, the Village may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Village's investments at June 30, 2006, consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are not subject to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," and are therefore stated at cost.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Custodial credit risk:

The Village is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Village's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Village's name. Accordingly, the Village had no custodial credit risk related to its deposits at June 30, 2006.

Receivables:

Accounts receivable for the Water, Gas, and Sewer Utility Funds are reported net of an allowance for doubtful accounts. The allowance amount at June 30, 2006 for the Water, Gas, and Sewer Utility funds was \$876, \$4,196, and \$637, respectively.

Interfund receivables and payables:

During the course of operations, numerous transactions occur between individual funds for goods and services rendered. These receivables and payables are classified as due from other funds or due to other funds in the fund financial statements. Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Restricted assets:

Certain resources of the Water, Gas, and Sewer Utility funds are classified as restricted assets in the financial statements because they represent customers' deposits being held by the Village.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost and have been included in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings and improvements	20 - 40
Machinery and equipment	5 - 10
Infrastructure	20
Water utility system	10 - 25
Gas utility system	10 - 25
Sewer utility system	10 - 25

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fund financial statements -

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated absences:

Sick leave is credited to permanent full-time employees at a rate of 1.25 days for each month of continuous employment. Unused sick leave is not paid upon termination or separation from employment and is therefore not recorded in the financial statements. Employees earn vacation leave at varying rate of 10 to 20 days per year, depending on length of service. Unused vacation leave is paid upon termination or separation from employment. As of June 30, 2006, any liability for this accumulated leave is considered immaterial to the financial statements taken as a whole and is therefore not recorded.

Long-term debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is being reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Bad debts:

Uncollectible amounts due from customers' utility receivables are recognized as bad debts by the use of the allowance method.

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Impairments:

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Village is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The Village recorded no impairment losses during the year ended June 30, 2006.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2. Property Taxes

Government-wide financial statements:

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Governmental fund financial statements:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2006, property taxes of 7.05 mills were levied for general corporate purposes on assessed valuations totaling \$1,397,730. Total taxes levied were \$9,855. Taxes receivable at June 30, 2006 totaled \$17, all of which is considered collectible. No receivable has been recorded for this immaterial amount.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Note 3. Compensation Paid to Mayor/Board of Aldermen

Compensation paid to Mayor/Board of Aldermen for the year ended June 30, 2006 includes:

Billy Maples	\$ 271
Joseph W. Guillory	111
Hillard P. Myers	34
Emily W. Roy	<u>108</u>
	<u>\$ 524</u>

Note 4. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2006 consisted of the following:

Fund financial statements:

Governmental funds -

Alcoholic beverage tax receivable	\$ 634
Sales and use Tax receivable	2,363
State highway maintenance fees receivable	<u>1,474</u>
	<u>\$ 4,471</u>

Government-wide financial statements:

Total amount reported in the governmental fund financial statements from above	\$ 4,471
Additional sales and use taxes due from the Acadia Parish School Board	<u>4,272</u>
	<u>\$ 8,743</u>

Note 5. Interfund Balances

Interfund balances reported in the fund financial statements at June 30, 2006 consisted of the following individual fund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 235,639	\$ 46,537
Sales Tax Fund	60,572	-
Water Utility Fund	14,910	110,631
Gas Utility Fund	17,298	86,834
Sewer Utility Fund	<u>-</u>	<u>84,417</u>
Total interfund balances	<u>\$ 328,419</u>	<u>\$ 328,419</u>



NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 6. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated -				
Land	\$ 10,479	\$ -0-	\$ -0-	\$ 10,479
Capital assets being depreciated -				
Buildings and improvements	\$ 476,146	\$ -	\$ -	\$ 476,146
Machinery and equipment	110,448	-	-	110,448
Infrastructure	369,179	-	-	369,179
Total capital assets being depreciated	\$ 955,773	\$ -0-	\$ -0-	\$ 955,773
Less accumulated depreciation for -				
Buildings and improvements	\$ (407,388)	\$ (3,640)	\$ -	\$ (411,028)
Machinery and equipment	(92,612)	(6,493)	-	(99,105)
Infrastructure assets	(232,943)	(18,459)	-	(251,402)
Total accumulated depreciation	\$ (732,943)	\$ (28,592)	\$ -0-	\$ (761,535)
Total governmental capital assets being depreciated, net	\$ 222,830	\$ (28,592)	\$ -0-	\$ 194,238
Total governmental activities capital assets, net	\$ 233,309	\$ (28,592)	\$ -0-	\$ 204,717
Business-type activities:				
Capital assets, not being depreciated -				
Land	\$ 37,480	\$ -0-	\$ -0-	\$ 37,480

(continued)

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated -				
Water utility system	\$ 423,101	\$ -	\$ -	\$ 423,101
Gas utility system	55,962	-	-	55,962
Sewer utility system	1,413,257	16,224	-	1,429,481
Machinery and equipment	<u>73,151</u>	<u>-</u>	<u>-</u>	<u>73,151</u>
Total capital assets being depreciated	<u>\$ 1,965,471</u>	<u>\$ 16,224</u>	<u>\$ -0-</u>	<u>\$ 1,981,695</u>
Less accumulated depreciation for -				
Water utility system	\$ (248,556)	\$ (7,698)	\$ -	\$ (256,254)
Gas utility system	(55,962)	-	-	(55,962)
Sewer utility system	(520,977)	(28,681)	-	(549,658)
Machinery and equipment	<u>(43,758)</u>	<u>(8,979)</u>	<u>-</u>	<u>(52,737)</u>
Total accumulated depreciation	<u>\$ (869,253)</u>	<u>\$ (45,358)</u>	<u>\$ -0-</u>	<u>\$ (914,611)</u>
Total business-type assets being depreciated, net	<u>\$ 1,096,218</u>	<u>\$ (29,134)</u>	<u>\$ -0-</u>	<u>\$ 1,067,084</u>
Total business-type activities capital assets, net	<u>\$ 1,133,698</u>	<u>\$ (29,134)</u>	<u>\$ -0-</u>	<u>\$ 1,104,564</u>

Depreciation expense for the year ended June 30, 2006 was charged as follows:

Governmental activities:	
General government	\$ 3,202
Public safety	759
Public works	<u>24,631</u>
Total governmental activities depreciation expense	<u>\$ 28,592</u>
Business-type activities:	
Water	\$ 10,628
Gas	1,674
Sewer	<u>33,056</u>
Total business-type activities depreciation expense	<u>\$ 45,358</u>

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Note 7. Deficit Net Assets

The Gas Utility Fund has a deficit net assets balance at June 30, 2006 of \$58,187.

Note 8. Dedication of Sales and Use Tax Proceeds

The proceeds of the 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

1. Constructing and purchasing a fire department station, fire fighting and fire protection equipment, and other works of public improvement related thereto.
2. Constructing, acquiring, extending, or improving a sewer plant and sewer system and operating the same.
3. For any other lawful corporate purpose, title to which shall be in the public.

Note 9. Long-Term Liabilities

A summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Sewerage System Revenue				
Bonds, Series 1982	<u>\$ 63,390</u>	<u>\$ -0-</u>	<u>\$ (63,390)</u>	<u>\$ -0-</u>

At June 30, 2006, \$2,183 of interest expense is included as a direct expense of the Sewer Utility Fund on the statement of activities.

Note 10. Insurance Risk

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to cover any claims related to these risks.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Review Report

Note 11. Contingencies

The Village operates a Sanitary Wastewater Disposal System under a NPEDS permit. The NPEDS permit and the State permit under which the discharge is regulated has been the subject of scrutiny by the Environmental Protection Agency (EPA) and the Department of Environmental Quality. The Village is under an Administrative Order to upgrade its facility in order to comply with the permit and the expected more stringent permit discharges. The Village has been cited for past violations and a compliance order was issued. The Village has completed the building and rehabilitation of the sewer pond and the addition of a marsh/rockweed filter to achieve those limits. The Village continues to make efforts to comply with the permit limitations for discharge and to maintain the plant in accordance with those standards. While the Village is making efforts to resolve the violations detailed in the Administrative Order, the EPA is authorized to assess appropriate penalties if the violations are not corrected. As of June 30, 2006, the Village has not been assessed any such penalties.

In the normal course of operations, the Village receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The Village's management believes that any liability for reimbursement that may arise as a result of these audits would not be material to the Village's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

## VILLAGE OF ESTHERWOOD, LOUISIANA

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

For the Year Ended June 30, 2006

See Accountants' Review Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes -				
Property	\$ 9,620	\$ 9,836	\$ 9,874	\$ 38
Housing authority	2,750	3,700	3,730	30
Electric franchise	27,500	26,700	34,703	8,003
Telephone franchise	2,000	2,000	2,439	439
Cable TV franchise	2,000	2,000	1,871	(129)
Total taxes	<u>\$ 43,870</u>	<u>\$ 44,236</u>	<u>\$ 52,617</u>	<u>\$ 8,381</u>
Licenses and permits -				
Licenses	\$ 14,820	\$ 18,075	\$ 18,063	\$ (12)
Permits	185	435	410	(25)
Total licenses and permits	<u>\$ 15,005</u>	<u>\$ 18,510</u>	<u>\$ 18,473</u>	<u>\$ (37)</u>
Intergovernmental -				
State shared revenue:				
Beer tax	\$ 1,200	\$ 1,000	\$ 1,495	\$ 495
Charges for services -				
State highway maintenance fees	\$ 2,947	\$ 2,947	\$ 2,947	\$ -0-
Fines and forfeits	\$ 5,000	\$ 23,275	\$ 23,274	\$ (1)
Investment income	\$ 30	\$ 50	\$ 50	\$ -0-
Miscellaneous	\$ 250	\$ 400	\$ 629	\$ 229
Total revenues	<u>\$ 68,302</u>	<u>\$ 90,418</u>	<u>\$ 99,485</u>	<u>\$ 9,067</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

GENERAL FUND

For the Year Ended June 30, 2006

See Accountants' Review Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures:				
Current -				
General government:				
Salaries and wages	\$ 660	\$ 623	\$ 578	\$ 45
Utilities and telephone	8,000	6,000	5,502	498
Repairs and maintenance	2,000	2,750	2,529	221
Insurance	6,050	2,050	1,759	291
Printing and supplies	3,000	3,000	2,009	991
Professional services	4,600	4,250	3,745	505
Travel and training	1,850	2,200	2,040	160
Tax roll preparation	150	150	138	12
Dues	1,000	500	485	15
Miscellaneous	200	449	462	(13)
Total general government	<u>\$ 27,510</u>	<u>\$ 21,972</u>	<u>\$ 19,247</u>	<u>\$ 2,725</u>
Public safety:				
Salaries and wages	\$ 900	\$ 1,300	\$ 1,272	\$ 28
Materials and supplies	2,100	4,000	3,614	386
Beeper	750	1,000	1,059	(59)
Repairs and maintenance	1,000	1,000	756	244
Insurance	2,750	2,400	2,746	(346)
Travel and training	500	200	115	85
Fees on fines	1,000	4,500	4,281	219
Miscellaneous	500	10	27	(17)
Total public safety	<u>\$ 9,500</u>	<u>\$ 14,410</u>	<u>\$ 13,870</u>	<u>\$ 540</u>
Public works:				
Salaries and wages	\$ 18,876	\$ 21,000	\$ 20,567	\$ 433
Payroll taxes	1,740	2,075	1,985	90
Materials and supplies	2,250	1,975	2,365	(390)
Repairs and maintenance	3,000	2,100	2,058	42
Total public works	<u>\$ 25,866</u>	<u>\$ 27,150</u>	<u>\$ 26,975</u>	<u>\$ 175</u>
Health and welfare:				
Supplies	\$ 300	\$ 400	\$ 390	\$ 10
Culture and recreation:				
Utilities	\$ 300	\$ 50	\$ 43	\$ 7
Repairs and maintenance	1,000	-	-	-
Total culture and recreation	<u>\$ 1,300</u>	<u>\$ 50</u>	<u>\$ 43</u>	<u>\$ 7</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND

For the Year Ended June 30, 2006  
See Accountants' Review Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Capital outlay	\$ 1,000	\$ 200	\$ -0-	\$ 200
Total expenditures	\$ 65,476	\$ 64,182	\$ 60,525	\$ 3,657
Net change in fund balance	<u>\$ 2,826</u>	<u>\$ 26,236</u>	\$ 38,960	<u>\$ 12,724</u>
Fund balance, beginning			<u>159,499</u>	
Fund balance, ending			<u>\$ 198,459</u>	

See Note to Budgetary Comparison Schedules.



## VILLAGE OF ESTHERWOOD, LOUISIANA

## BUDGETARY COMPARISON SCHEDULE

## SALES TAX FUND

For the Year Ended June 30, 2006

See Accountants' Review Report

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 20,000	\$ 25,000	\$ 28,006	\$ 3,006
Miscellaneous	5	5	-	(5)
Total revenues	<u>\$ 20,005</u>	<u>\$ 25,005</u>	<u>\$ 28,006</u>	<u>\$ 3,001</u>
Expenditures:				
Current -				
General government:				
Salaries and wages	\$ 2,496	\$ 2,496	\$ 2,496	\$ -
Payroll taxes	194	210	191	19
Materials and supplies	750	750	826	(76)
Utilities and telephone	3,000	7,000	6,807	193
Repairs and maintenance	1,000	1,500	1,343	157
Insurance	1,500	2,050	1,848	202
Printing and postage	750	200	270	(70)
Professional services	3,100	3,100	2,753	347
Travel and training	1,000	1,000	956	44
Collection fees	400	400	420	(20)
Miscellaneous	2,500	300	1,061	(761)
Capital outlay	1,500	200	-	200
Total expenditures	<u>\$ 18,190</u>	<u>\$ 19,206</u>	<u>\$ 18,971</u>	<u>\$ 235</u>
Excess of revenues over expenditures	\$ 1,815	\$ 5,799	\$ 9,035	\$ 3,236
Other financing uses:				
Transfer to other funds	<u>(2,540)</u>	<u>(1,540)</u>	<u>-</u>	<u>1,540</u>
Net change in fund balance	\$ (725)	\$ 4,259	\$ 9,035	\$ 4,776
Fund balance, beginning	<u>1,540</u>	<u>1,540</u>	<u>57,282</u>	<u>55,742</u>
Fund balance, ending	<u>\$ 815</u>	<u>\$ 5,799</u>	<u>\$ 66,317</u>	<u>\$ 60,518</u>

See Note to Budgetary Comparison Schedules.

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTE TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

The Village of Estherwood, Louisiana follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year end. The budgets presented are the originally adopted budget and the final amended budget.



**BROUSSARD, POCHÉ, LEWIS & BREAU, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

4112 West Congress  
P. O. Box 61400  
Lafayette, Louisiana 70596-1400  
phone: (337) 988-4930  
fax: (337) 984-4574  
www.bplb.com

**Other Offices:**

Crowley, LA  
(337) 783-5693

Opelousas, LA  
(337) 942-5217

Abbeville, LA  
(337) 898-1497

New Iberia, LA  
(337) 364-4554

Church Point, LA  
(337) 684-2855

Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
P. John Blanchet III, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borrello, CPA\*  
George J. Trappey III, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Fayette T. Dupré CPA\*  
Mary A. Castille, CPA\*  
Joey L. Breau, CPA\*  
Terrel P. Dressel, CPA\*  
Craig J. Viator, CPA\*  
Stacey E. Singleton, CPA\*  
John L. Istre, CPA\*

**Retired:**

Sidney L. Broussard, CPA 1925-2005  
Leon K. Poché, CPA 1984  
James H. Breau, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Lawrence A. Cramer, CPA\* 1999  
Ralph Friend, CPA\* 2002  
Donald W. Kelley, CPA\* 2005

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Billy Maples, Mayor,  
and the Board of Aldermen  
Village of Estherwood, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Village of Estherwood, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Estherwood, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2006 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000 or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The Village had no expenditures for materials and supplies in excess of \$20,000 and no public works expenditures in excess of \$100,000 during the year ended June 30, 2006.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list of board members, including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

One employee included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2). However, management provided us with a ruling from the Louisiana Board of Ethics (Docket No. 2004-615) which concluded that due to an exception to the nepotism restrictions, this was not a violation of the Code of Governmental Ethics. The exception related to a municipality with a population of less than 2,000 and which owns an electrical or gas distribution system.

#### **Budgeting**

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and the amendment made to the budget during the period covered.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on June 28, 2005. The amended budget was adopted on June 29, 2006.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted amounts by 5% or more and actual expenditures did not exceed budgeted amounts by 5% or more.

#### **Accounting and Reporting**

8. Randomly select six disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that the payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were properly coded to the correct fund and general ledger account.

- c. determine whether payments received approval from proper authorities.

Inspection of the minutes of the Board meetings indicated that each of the six selected disbursements was approved by the Board.

#### **Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:13 (the open meetings law).

Examination of supporting documents indicated that agendas for meetings recorded in the minutes were advertised in official journal.

#### **Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We scanned copies of bank deposit slips for the period under examination and did not note any deposits, which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### **Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year did not reveal any such payments. We also inspected payroll records for the year and did not note any instances, which would indicate payments to employees, which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Estherwood, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor, State of Louisiana, as a public document.

*Broussard, Roche, Lewis & Breau, L.L.P.*

Lafayette, Louisiana  
December 15, 2006

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

August 8, 2006 (Date Transmitted)

**BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.**  
**P.O. Box 61400**  
**4112 West Congress Street**  
**Lafayette, Louisiana 70596-1400**

In connection with your review of our financial statements as of June 30, 2006 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 8, 2006.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes ☒ No ☐

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

#### Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

#### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

#### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

\_\_\_\_\_  
Secretary \_\_\_\_\_ Date

\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date

 \_\_\_\_\_  
Mayor  8-9-06 Date

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF CURRENT YEAR FINDINGS  
For the Year Ended June 30, 2006

There were no current year findings.



VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF PRIOR FINDINGS  
For the Year Ended June 30, 2006

Section I. Internal Control and Compliance Material to the Financial Statements

**#2005-1 Segregation of Duties**

Finding: The Village does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Current Status: This finding is unresolved; however, because the level of assurance changed this year, it is not included in the current year schedule of findings and questioned costs.

**#2005-2 Reserve Requirements**

Finding: The Sewer Bond Reserve and Depreciation and Contingency funds required to be maintained in accordance with the bond indenture for the Sewerage System Revenue Bonds were underfunded at June 30, 2005 by \$11,999 and \$3,245, respectively.

Current Status: The debt was paid off in the current year. Accordingly, the finding is resolved.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2005.